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PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #3012 3030602
ZNR UUUUU ZZH
P 290602Z OCT 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 8360
RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDO/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY
RHMFIUU/USFJ PRIORITY
INFO RUEHFK/AMCONSUL FUKUOKA 0661
RUEHNH/AMCONSUL NAHA 3019
RUEHNAG/AMCONSUL NAGOYA 8730
RUEHKSO/AMCONSUL SAPPORO 1234
RUEHOK/AMCONSUL OSAKA KOBE 4444
RUEHBJ/AMEMBASSY BEIJING 6094
RUEHMO/AMEMBASSY MOSCOW 2581
RUEHUL/AMEMBASSY SEOUL 2091
RUCNDT/USMISSION USUN NEW YORK 2319
RHEHAAA/NSC WASHDC

UNCLAS TOKYO 003012

SIPDIS

STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,
EAP/J, EAP/P, PM;
USTR FOR PUBLIC AFFAIRS OFFICE;
TREASURY FOR OASIA/IMI;
SECDEF FOR OASD/PA;
CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

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SUBJECT: TOKYO MEDIA REACTION - U.S.-PAKISTAN RELATIONS
AND THE GLOBAL ECONOMY

¶1. LEAD STORIES: Lead stories on Wednesday morning included the likelihood that the Bank of Japan will shortly release a report projecting 0 percent growth in fiscal 2008.

¶2. "U.S. Cross-Border Missile Strikes Creating Schism over War on Terrorism" On repeated U.S. cross-border missile strikes on al-Qaeda operatives in Pakistan, a correspondent for the liberal Asahi reported from Islamabad (10/29): "As the U.S. military attacks have inflicted damage on anti-Taliban tribes that are supported by the Pakistani government, the relationship of cooperation between Islamabad and these tribes may be affected. Given that the U.S. has refused to provide additional aid to Pakistan, which has been hard hit by the global economic crisis, there is concern that the government might not be able to keep anti-American sentiment in check.... With Democratic presidential candidate Sen. Obama also calling for stepping up the war on terrorism, including cross-border sorties in the tribal areas, a dark cloud is hanging over U.S.-Pakistan relations."

¶3. "Geopolitical Risk and IMF Assistance" The business-oriented Nikkei editorialized (10/29): "The IMF struck a provisional deal with Ukraine to provide it with up to \$16.5 billion in emergency loans. The international organization has also entered negotiations with Pakistan over similar lending. Special consideration is necessary for these two countries, as geopolitical risk will rise further if the political instability of these nations is compounded by the financial crisis.... While Pakistan has asked China and Saudi Arabia to provide assistance, the balance of power in the region could be

upset if aid for Pakistan is mainly provided by such countries. It is a matter of course for the IMF, which consists of a large number of states, to play the leading role in helping Pakistan."

14. "'Western Approach' Has Collapsed" In a front-page commentary, the business-oriented Nikkei wrote (10/29): "The IMF is still viewed as a benefactor for countries overwhelmed by the financial crisis. However, it has stopped being a 'tough-minded teacher' eager to prescribe Western-style fiscal reconstruction and democratization."

SCHIEFFER